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VENABLE LLP P.O. BOX 34385 WASHINGTON, DC 20043-9998			EXAMINER BORLINGHAUS, JASON M	
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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

DETAILED ACTION

Preliminary Matters

Examiner hereby vacates the Final Rejection issued on 07/12/07 based upon Applicant's arguments made via an Interview on 08/08/07. Furthermore, Examiner reissues his prior rejection of 07/12/07 as a Non-Final Rejection, allowing Applicant an opportunity to formerly respond with arguments and amended claim language as discussed in the Interview of 08/08/07.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1 – 13 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

This rejection is based on the new guidelines issued by the Patent & Trademark Office and further consideration of the claims in light of such guidelines.

With respect to Claims 1, 10 and 11, Examiner finds these claims to lack a tangible result. Examiner notes that the focus of this analysis is on the result, not the individual steps. With respect to a tangible result, the process must produce a real-world result. The final step of independent Claims 1, 10 and 11 state, "performing a function related to transferring ownership...". As the final step of the independent claims does not produce a real-world result, the Examiner finds that there is no tangible result produced.

Dependent claims are rejected based upon their dependence from rejected claims.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

Claims 1 – 5, 7 – 11, 14 – 18, 20 – 21 and 23 are rejected under 35 U.S.C.

103(a) as being unpatentable over Kanter (US Patent 5,537,314) in view of Rush (US Patent 6,966,836).

Regarding Claims 1 - 3, Kanter discloses a method for transferring ownership of an asset, comprising the steps of:

- issuing redeemable tokens (points) having defined redemption values (dollar amounts) to one or more participants over a network (communication lines), wherein the participants interface with the network

using wired or wireless devices (computer processing unit), and wherein each issued redeemable token (point) is associated with a participant (participant). (see col. 4, lines 39 – 67; col. 16, lines 4 – 35; fig. 2);

- performing a function (purchasing) related to transferring an ownership right to the asset (merchandise) to a participant who is associated with a selected redeemable token (points). (see col. 4, lines 39 - 67); and
- specifying a redemption value for the asset (amount of points) for the asset (merchandise). (see col. 5, lines 22 – 28).

Kanter also discloses a method for transferring ownership of an asset, comprising:

- probabilistically (via raffle) selecting at least one token (entry). (see col. 16, lines 38 – 56 and col. 20, lines 19, 41).

It would have been obvious to one ordinary skill in the art at the time the invention was made to have modified Kanter by incorporating the ability to utilize a redeemable token, as disclosed by Kanter, as a raffle entry, as disclosed by Kanter, allowing for the combination of two types of incentive programs, redeemable tokens and raffle entries, into one incentive vehicle.

Kanter does not teach underlined claim limitations – a method comprising the steps of:

- probabilistically selecting at least one redeemable token, upon or after redemption value of the issued redeemable tokens reaches a predefined cumulative value;

- specifying a redemption value for the asset that corresponds to the predefined cumulative value; and
- wherein the asset is equal to the predefined cumulative value.

Rush discloses a method for transferring ownership of an asset, comprising the steps of:

- issuing redeemable tokens (prize tokens) having defined redemption values (each token can be exchanged for \$1) to one or more participants over a network (Internet), wherein the participants interface with the network using wired or wireless devices, and wherein each issued redeemable token (token) is associated with a participant (player account). (see col. 1, line 65 – col. 3, line 63);
- probabilistically (via lottery) selecting at least one redeemable token (token), upon or after a predefined time period. (see col. 4, line 63 – col. 5, line 6);
- monitoring the quantity of redeemable tokens issued. (see col. 3, line 64 – col. 4, line 7);
- the issued redeemable tokens possess a predefined cumulative value. (see col. 3, line 64 – col. 4, line 7); and
- specifying a redemption value for the asset (fixed total prize value) that corresponds to the cumulative value of tokens (fixed value of all tokens). (see col. 4, line 63 – col. 5, line 6;).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Kanter by incorporating the monitoring of the cumulative quantity/value of issued tokens and basing the redemption value of the asset on said cumulative quantity/value, as disclosed by Rush, allowing for consistent and controlled gameplay, as disclosed by Rush.

It would have been obvious to one having ordinary skill in the art at the time the invention was made to allow for any unit of measurement for the timing of the probabilistic selection that the inventor desired, such as measurement in time or cumulative outstanding tokens. *In re Kuhle*, 526 F.2d 553, 555, 188 USPQ 7, 9 (CCPA 1975).

Furthermore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to allow for relationship between the asset and the predefined cumulative value that the inventor desired, such as having the asset being less, equal or more than the predefined cumulative value, especially as Rush indicates that there is a fixed asset value and a fixed cumulative token value. *In re Kuhle*, 526 F.2d 553, 555, 188 USPQ 7, 9 (CCPA 1975).

Regarding Claims 4 – 5, Kanter discloses a method wherein:

- the redeemable tokens (“points”) are issued in response to a participant meeting an incentive criterion (“incentive program”). (see col. 5, lines 10 – 27).

Kanter does not teach the underlined claim limitation – a method wherein:

- the redeemable tokens are issued in response to a participant purchasing the redeemable tokens for a specified price.

Examiner takes Official Notice that it is old and well known in the art of games of chance and to purchases tokens, points and/or entries at a specified price for entrance into a probabilistic award program, such as purchasing raffle tickets for a specified price for entrance into a raffle drawing, is old and well known in the art of games of chance. It would have been obvious to one of ordinary skill in the art to have modified Kanter and Rush to have incorporated the ability to purchase tokens, as is old and well known in the art, allowing for participants an additional traditional method through which to gain entrance to the program.

Regarding Claims 7 – 9, Claims 7 – 9 recite similar limitations and/or would have been obvious based upon claims rejected above, Claims 1 – 5, and are therefore rejected using the same art and rationale as applied in the rejection of Claims 1 – 5.

Regarding Claims 10 - 11, Claims 10 - 11 recite similar limitations and/or would have been obvious based upon claims rejected above, Claims 1 – 5, and are therefore rejected using the same art and rationale as applied in the rejection of Claims 1 – 5.

Regarding Claims 14 – 18, 20 – 21 and 23, further system claims would have been obvious from method claims rejected above, Claims 1 – 5, 7 – 9 and 11, and are therefore rejected using the same art and rationale.

Claims 6, 12 – 13, 19 and 22 are rejected under 35 U.S.C. 103(a) as being unpatentable over Kanter and Rush, as applied to Claims 5, 11, 18 and 21 above, and

Regarding Claims 19 and 22, further system claims would have been obvious from method claims rejected above, Claim 6, and are therefore rejected using the same art and rationale.

Response to Arguments

Applicant's arguments filed 3/16/07 have been fully considered but they are not persuasive.

§ 101 Rejection

Applicant asserts in his argument against the previously issued rejection under § 101 that the claims are “directed to a method for transferring the asset ownership, which produces useful, concrete and tangible result.” (see Arguments, p. 8). However, while that may be Applicant's intent, such is not what is actually being claimed.

Applicant claims a method “performing a function **related to** transferring the ownership right to an asset” (emphasis added). Such terminology is distinctly different and vastly broader than the actual function of merely transferring the ownership right. There are innumerable functions that may relate to or be associated with the act of transferring an ownership right, not all producing a useful, concrete and tangible result.

Argued Claim Limitations – “Predefined Cumulative Value”

In response to Applicant's argument that prior art reference(s) fail to disclose selection of “a redeemable token upon or after redemption value of the issued

further in view of Walker (Walker, Leslie. *Where You Can Get Rich Click*. *The Washington Post*. Washington, DC. November 18, 1999. p. E01).

Regarding Claim 6, Kanter does not teach underlined limitation - a method wherein:

- the incentive criterion requires browsing one or more web pages.

Walker discloses a method wherein:

- the incentive criterion requires browsing one or more web pages.
(lwon.com awards "points" as part of an incentive program for viewing and/or clicking through web page content – see p. E01).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Kanter and Rush by incorporating the token issuance incentive criterion being the browsing of web pages, as disclosed by Walker, as token issuance premised upon the browsing of web pages was already utilized at the time of the invention as an advertising technique designed to lure additional viewers of Internet content.

Regarding Claim 12, Claim 12 recites similar limitations and/or would have been obvious based upon claim rejected above, Claim 6, and are therefore rejected using the same art and rationale as applied in the rejection of Claims 1 – 5.

Regarding Claim 13, Claim 13 recites similar limitations and/or would have been obvious based upon claims rejected above, Claim 1 - 5, and are therefore rejected using the same art and rationale as applied in the rejection of Claims 1 – 5.

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redeemable tokens reaches a predefined cumulative value" (see Arguments, p. 12),

Examiner refutes such an assertion.

Kanter discloses:

Incentive programs previously have had a number of drawbacks. There are several types of programs that allow for the issuance of merchandise, some of which also offer cash as awards. Originally there were only two methods for issuing merchandise. With one kind, an incentive company had its own warehousing facilities to store the merchandise. The incentive company bought merchandise from manufactures or distributors, and stocked its warehouses with the merchandise. The incentive company had catalogs prepared which showed the merchandise stocked by the incentive company. If a participant qualified for an award of merchandise, the participant was limited to merchandise shown in the catalog. **The items of merchandise that could be ordered through the catalog depended on the amount of points achieved by the participant. Hence, a participant who earned more points under the incentive program could order more expensive merchandise, or more items of merchandise, than one who had a lesser accumulation of incentive points.** (emphasis added – see col. 5, lines 10 – 27).

Kanter discloses a user selecting an asset (an item of merchandise) upon or after redemption value of the issued redeemable tokens (incentive points) reaches a predefined cumulative value (merchandise price based upon points).

Kanter further discloses alternate incentive methods that utilize probabilistic selection of redeemable tokens (sweepstake or raffle entries), such as at the time of purchase. Specifically, Kanter states:

Additionally each sale made by a participant can register that participant into a sweepstakes drawing or other similar raffle. The entry into the drawing may be based upon a participant making a minimum purchase for example, as memory 30 or memory 48 would store such minimum purchase requirements. (see col. 20, lines 19 – 24).

Examiner asserts that prior art reference(s), Kanter and Rush, when read in combination, disclose all the asserted claim limitations.

In response to applicant's argument that there is no suggestion to combine the references within the references themselves, the Courts have stated that "[a] suggestion, teaching, or motivation to combine the relevant prior art teachings does not have to be found explicitly in the prior art, as the teaching, motivation, or suggestion may be implicit from the prior art as a whole, rather than expressly stated in the references...The test for an implicit showing is what the combined teachings, knowledge of one of ordinary skill in the art, and the nature of the problem to be solved as a whole would have suggested to those of ordinary skill in the art... there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness." *In re Kahn*, 78 USPQ2d 1329, 1336 (CAFC 2006). Examiner asserts that he can and/or has provided such "articulated reasoning" to support the legal conclusion of obviousness.

For example, Kanter discloses drawbacks to warehousing catalog merchandise to be distributed to those that accumulate the required incentive points. However, it would have been obvious to one of ordinary skill in the art at the time that invention was made to have modified Kanter and Rush to allow for redemption of the required incentive points by purchasing a raffle or sweepstake entry, allowing for storage minimization of merchandise, as only merchandise correlated to the raffle or sweepstake would need to be stored.

Argued Claim Limitation – “Predefined Time Period”

In response to Applicant's argument that prior art reference(s) fail to disclose selection of token “upon or after a predefined period,” Examiner refutes such an assertion as Kanter and Rush make numerous disclosures concerning tying incentive programs, raffles and sweepstakes to predefined time periods.

But regardless, the claim limitation of “upon or after a predefined period” is an optional claim limitation as the full claim limitation states “after a predefined time period or a value reached after a predefined number of redeemable tokens are issued.” (emphasis added – see Claim 9). As the value was reached after a predefined number of redeemable tokens are issued was met, the optional claim limitation pertaining to a predefined time period is moot.

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Jason M. Borlinghaus whose telephone number is (571) 272-6924. The examiner can normally be reached on 8:30am-5:00pm M-F.

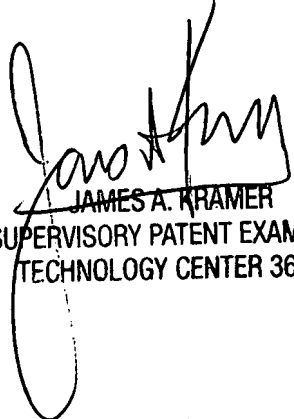
If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Kramer can be reached on (571) 272-6783. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

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JMB

8/08/07

 8-8-07
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